

ANALYSIS OF CHALLENGES & IMPACT OF COVID-19 ON HOSPITALITY INDUSTRY

SOHAM SHARMA

EduVelocity Global Counsels, Chandigarh, India

ABSTRACT

The purpose of the research paper is to determine the impact of Covid-19 on the hospitality industry and road map for future. Through extensive research a conclusive effect of the pandemic on hotel sector has been established. The research has been focused on hotels in India to narrow down the sample size of the research. Explanatory and Exploratory research techniques have been used in order to precisely determine the causal relation between the two. Data has been collected through both secondary and primary mediums. Under primary medium data has been extracted through questionnaires which were circulated to a sample of both consumers, employees and employers of hotels across India. Consumers were selected randomly and comprised of mix of individuals from various paths and of various backgrounds. Employees and Employers comprised of individuals who work around different hotels pan India. While the secondary research majorly included published research paper which helped in determining the research gap.

Some of the major findings of the research were that the impact on hotels of the pandemic has been adverse and that most of the hotels have adapted to changes in order to revive their hotels and make customers feel safe. While the customers are afraid about their safety, they are tired of staying at home and are looking for change. Given the chance most of the would like to take a vacation and stay in hotels while at the same time hotels are also working towards satisfying this urge of customers and eliminate the fear of customers. Most of the hotels have emerged out of pandemic with new strategies to achieve the same. Several states have seen increasing occupancy around the end of the year due to various packages offered by hotels and the extensive boredom felt by these consumers.

All in all at the end of the day both hotels and consumers want the same thing that is visits in a hotel. Although coronavirus has made this goal tough to achieve, with the emerging adaptation by the hotels and increasing consumer confidence in these measures this dream is not a far cry. Hotels are expected to have strong comeback in the near future and are expected to make up for the loss during the pandemic in the coming years.

KEYWORDS: Hospitality, Customers, Employer, Covid-19 & India

Received: Aug 22, 2021; **Accepted:** Sep 12, 2021; **Published:** Sep 25, 2021; **PaperId.:** IJBMRDEC20215

INTRODUCTION

Hospitality Industry in simple words means all those services are linked with customer satisfaction and leisure. Some key terms associated with this industry are luxury, pleasure, enjoyment, and experiences. Thus, we can see that sectors like tourism, hotels, and so on will form the part of this industry. Although there is a thin line of differentiation between the tourism and hospitality industry for this research we will be using this term interchangeably as they are interconnected and interdependent on one another and to study the impact of Covid-19 we will be concluding both of them.

Some of the sectors that fall within the hospitality industry are:

- Bed & Breakfast (B&Bs) – They are usually small establishments with the owners living with the guests. They provide a separate room and a homely atmosphere for a comfortable stay. These stays are usually for one night and are affordable at a low cost.
- Hotels – The most common ones that can be seen in plenty. These are for people with longer stays, be it for business trips or a family trip. They also provide other services like restaurants, in-room dining, spa, housekeeping, and so on.
- Hostels – These are way different than those that are provided by the educational institutions. These are made in the form of dormitories but are quite comfortable for the price they are available in. These are mainly used by trekkers in hilly areas or if traveling in huge numbers, school trips, and so on.
- Resorts – These are similar to hotels only they are spread in a wider area. They also had added facilities like a recreational activity which included various adventurous and sporting events, some creative activity, and has a play zone for kids. People usually come to a resort for the weekends and spend quality time with their family or loved ones.

Coronavirus diseases or commonly said COVID-19 is a virus that has been recently been discovered and has affected the entire world. The symptoms of this disease are mild to moderate respiratory illness, fever, cough, etc. The virus mainly affects the respiratory organs such as the lungs and the pipes forming a thick sticky mucus creating difficulty in breathing and shortness of breath. The best and the only way to defeat this is through social distancing and lockdowns in the worst affected areas. At the moment there is no remedy or any vaccine to prevent the spreading. And the only treatment is on the try and error basis depending on the individual cases.

As of date, there are approximately 2,50,00,000 cases confirmed worldwide. Out of which the confirmed deaths are around 8,44,000. With the highest number of cases and deaths in the U.S, following which, the major countries are Brazil, India, Russia, and the list continues.

This pandemic has called for a complete lockdown all over the world. Some countries did it in the early stage, others later but there was no country that did not adopt this strategy. Lockdown had made the entire earth to halt, there was no economic activity carried out, no education, nothing all the people were inside their houses maintaining distance and trying to flatten the curve. All of these resulted in a huge loss and a new fear set in the minds of people. They are not ready to travel or leave their houses. Sanitizers were the new lifesaver. Each and everything was sanitized and this has created a lot of challenges and opportunities in the market. The pharmaceuticals and medical industry have not seen a glorious day than this. They are constantly on a run with their motive of serving people and trying to save their lives.

The hospitality industry has also faced a backlash as people would not travel soon, all the hotels are closed and have been empty since the start of lockdown.

In this paper, we will see how the hospitality industry has been able to cope up with this disaster and the ways they are trying to get over it.

LITERATURE REVIEW

Yangyang Jiang and Jun Wen (2020): In their research paper “Effects of COVID 19 on hotel industry concerning marketing and management” have discussed the effect of the pandemic in the hotel industry and encourage knowledge development in the hotel industry. This industry has been hit hard and powerful strategies are required to enhance traveler’s confidence and to help the industry recover timely.

Trending robotic and artificial intelligence is extremely required in the hospitality industry. Hotels should provide services without human interaction in innovative ways and adapt to “unmanned” devices such as robot receptionists, facial scan check-ins, voice guest control, robot room service, and delivery.

Hotels, restaurants, and others in this industry should focus on their responsibility to maintain safety and hygiene protocols and high housekeeping standards because this is the main thing that the customers look for. After COVID, many people have started paying more attention to their health, so to prioritize the traveler’s needs, hotels should help guests to lead a healthy lifestyle by keeping meditation programs, digital detox programs, fitness programs, healthy diet programs, and hygiene programs. All these factors are likely to become more popular in the hotel’s marketing mix.

Nashirah Abu Bakar (2020): In her research paper “Effect Covid-19 to tourism industry” highlights that due to COVID 19, demand has seen a sharp decline when it comes to non-essential services or products due to various factors like difficulty in attracting both local and foreign tourist, cancellation and delayed trips, decline in the stock market which changes willingness to spend, etc. The decrease in demand would have an adverse effect on production and employment opportunities.

The market equilibrium (supply and demand) before and during a pandemic is represented to establish the difference. The charges in this sector are decreasing parallel with a decrease in demand and so in the new market (during a pandemic) the equilibrium price and quantity have reduced leading to the downward or leftward shift of the demand function.

The reduction in demand leads to reduced equilibrium price offered and equilibrium quantity supplied. For demand, the price elasticity of tourism is 1 which indicates price changes demand substantially.

Mr.Swagat Kumar Rath (2020): In his research paper, “Transform Covid-19 challenge on Indian Tourism Industry into an opportunity” highlights the challenges faced by the travel business and how the industry should survive, maintain and develop itself by using alternative ways to attract people in a time full of hardships and struggles.

A few of the challenges that the industry is facing are difficulty in attracting foreign tourist, building technical infrastructure where E-commerce companies like Goibibo and Make my trip have to come up with new strategies to attract tourist because earlier customers were attracted by the physical infrastructure or beauty, but now they are more concerned about the technical facilities and safety.

Tourist guides, craft sellers, and other small operators who are struggling to maintain their livelihood should go online and try to reduce physical interaction to maintain safety as well as income. COVID 19 brings along opportunities for the tourism sector for diversifying and merging the businesses. Merging of small travel and tour operators like OYO, where they bring all small-town hotels to the global platform will help them support each other’s business and would slowly bring them back on track.

This would kill the internal competition between rival companies or hotels and improve efficiency and profits for both the companies. The most tragic thing is when we have the purest of air, people cannot move out. This should also be taken as a chance to create awareness, maintain cleanliness, and attract tourists as we all know the Ganga River if fully clean, Delhi and other cities are unpolluted, etc. Post-Covid is a challenge to the whole world, but we have to take it as an opportunity for our development.

Pravin Kumar Patel, Dr. Jaya Sharma, Dr. Shivali Kharoliwal, Dr. Prashant Khemariya (2020): In their research paper “The Effects of Novel Corona Virus (Covid-19) in the Tourism Industry in India” have highlighted statistical data only till the period of April 2020 to realize the effect of Coronavirus on the travel business and have provided short term and long term measures to pull out the sector from the financial crisis.

There was a fall of around 25-30% in incoming international travelers to India and a 30% drop in domestic travel till only March 2020 as people with business purpose or emergency requirements were only traveling. Hospitality companies have seen a 50% drop in bookings within India between March 2 and 9. The government should provide some reliefs to pay taxes and other fees for at least a few months

They should allocate funds for organizing roadshows and other promotional activities in prospective markets. According to the researcher, fitness certificates should be issued and should be made compulsory to restrict the spread of the virus.

Dr. Siddhartha Jain (2020): The hospitality industry has been one of the most affected due to the ongoing COVID pandemic. This was visible through a spurt of cancellation on bookings as soon as WHO declared it to be a pandemic on 11th March. The only formulae that work in these times are social distancing and lockdown. Moreover, customers are scared to visit any hotel or stay there even for one night. It is seen that hotels will have to redo their normal workings keeping in mind the new trends. They will have to maintain a standard for cleaning, staff hygiene, proper disposal of wastes, and biomedical wastes like masks, gloves, kits, and so on. There must be proper disinfectants and UV light sterilizers for every room and lobby area. Even the marketing for the hospitality industry must be changed from a luxury stay to a safer stay. And to provide all the requirements to make their stay a safe place. As of now, there is a lot of backlash from their customers but through proper marketing and retaining them is the only option to survive in the market once the pandemic is taken down.

Dr. Amit Kumar (2020): COVID has broken the tourism industry with around 38 million people losing their jobs. More than 35% of employees are being sent on vacation without a salary. The hospitality and tourism industry accounts for around 9.2% of India's total GDP. The recovery will take 6-12 months as the fear has seethed in people's mind and are reluctant to go for the option of staying in a hotel. The government needs to intervene and put in a helping hand by lowering its debt burden, as they have already given a moratorium of three months. The move forward should be local although the pandemic is global. The medical treatment is the same across the globe but every country and every region needs its strategy according to their resources and capabilities. People must adopt new lifestyles such as online classes, virtual meetings, avoiding social gatherings, and maintaining social distances.

Mint (2020): This article talks about the scenario in the Hospitality sector after it was hit by Covid 19. Without thinking one can say that the hardest hit industry is aviation, hospitality and tourism as they are interdependent. As per Federation of Associations in Indian Tourism and Hospitality (FAITH), about 70 per cent out of a total estimated workforce of 5.5 crore

(direct and indirect) could get unemployed (around 3.8 crore). However, the Survey by Preferred Hotels & Resorts suggests a more optimistic outlook. The survey suggests that around 50% of the people around the globe want to travel in 2020 itself, and do so as soon as travel restrictions are lifted or eased. As we can clearly see that pandemic has given both physical and economic stress, the first thought on travelers' minds will be proximity and low-cost safe travel. As domestic travel is expected to boom due to the stress in the environment the services in relation to health and hygiene, Doctors on call play a significant role in the future of the hotel/hospitality industry.

HVC (2020): In this report they have tried to quantify the impact of Covid 19 on hotel industry in India and give some measures to battle it. The article talks about how the covid 19 situation entered the Indian market and the steps taken by Indian government from there on, the government suspended all the travel visa's on 15th April (with some exceptions which further reduced the traffic. The policies suggested in the article are fiscal policy: provide a 12-month corporate tax holiday to hospitality, travel and tourism sector; appointment of think tank to evaluate the situation; the sector should get a onetime waiver. HVS thinks that continuously delivering quality services to its returning customers, hotel managers will require full support of the team in order to restore these customers. Hotels should not consider retrenchment plans, unless the situation inhibits continuing operations.

According to HVS the hotel sectors should use their Stop Gap Plan and reopen plan while this lockdown and be ready for the time that they are allowed to reopen so that they could take the right steps to cover their margins.

JLL Hotels and Hospitality (2020) Through this paper the author has tried depicting the outcomings of covid-19 in Hospitality Sector. To determine this the research has been performed on 15 leading operators in India. The paper states how various hotels have either become quarantine centres under VandeBharat Mission or the luxury hotels which didn't turn have shut down majorly. Only a few hotels are currently running that too with low occupancy. The pandemic has not only effected the current hotels but also opening of new hotels as there opening has been deferred by a few months. Although there has been support from operators for some of these new hotels like deferring of management fees, the support hasn't been that drastic for most of them. It is expected that business cities would have the most market pick up in the coming few months as compared to smaller cities and close proximity destination to big cities. All of the hotels have identified certain challenges which they would face which includes availability of sufficient masks and gloves for staff, marking of distance, enhanced food safety among several others. All in all, to conclude the sector is facing intense pressure from deferred opening to need of support and various challenges for operation. Their revenue has fallen and at the moment it is more beneficial for the to serve as a covid centre.

Stefan Gossling, Daniel Scott and Michael Hall (2020)- The paper aims to evaluate the current covid 19 crisis against other pandemics and it discusses how COVID-19 affects climate crisis. It states how travel restrictions have led to downfall of the industry and has also impacted the support industries like catering and laundry. Unlike other industries tourism cannot make up for the loss in future due to unsold capacity. In the past tourism has been resilient to external shocks but the case is not the same now. Since travel and tourism are central to epidemiology and disease surveillance, they are both a contributor to disease spread and its economic consequences and is dramatically affected by it. Tourism industry also releases a lot of harmful gases impacting climate badly. To conclude, the COVID-19 crisis has although drastically affected the tourism industry it could although be a chance to make positive changes to undermine climate change. Also, the major challenge they face is to collectively learn how to from this global tragedy to accelerate the transformation of sustainable tourism.

DoganGursoy and Christina G. Chi (2020)- This paper aims to determine the effect of Covid 19 on hospitality industry and it analysis the current scenario. It mentions about the sharp decline in hotel occupancies and revenues and their re-opening consequences due to restrictions on travel. The pandemic has affected not only how business would operate in hospitality industry but also future research in the industry. Research is need to determine the importance of each of these safety precautions, how such measures will influence customers' attitudes and behaviours and whether customers are ready to pay a premium and by how much more. Technology would also be an important driver for the hospitality industry now to increase safety and minimise individual contact. Therefore, research and investment in artificial intelligence and machine learning becomes essential. To conclude given the new circumstances under which the industry will operate, new research is also needed to ensure smooth sailing of the industry.

BW online Bureau (2020)- This paper analysis effects of pandemic on Indian Hotel sector and how they should revive. Foreign tourist arrival in India has declined since February and is not expected to pick up soon due to travel restrictions and fear in the minds of people. Thus, this leaves domestic travel as a key to revival. Hotels have seen a drastic fall in their revenue and occupancy during the current shut down period of pandemic. The only way forward for the hotel sector is by the implementation of monetary, fiscal, policy and direct support to revive demand by the government. Operators could also ease the loses of the sector by providing some refund or waiver of fees and postpone several brand provisions. While what hotels can do on their level is to stop gag plan such as developing a reopening plan for budget, use the period for upgradation along with preparing and planning for reopening, manage task force, supporting return of team members, maintain sales and marketing through digital platforms and going local and maintain price charts, providing front of house facilities, getting ancillary revenues and maintaining prudent services.

Research Gap

After reviewing a lot of research papers we found out that, there were a lot of questions unanswered or there were few things which were not explored to its best to come up with a conclusion of the impact of the pandemic on this hospitality industry.

There were no research papers which focused upon asking customers directly through primary research if they were willing to or scared to go and stay in a hotel, basically to understand the cautious mind or the fear factor among the customers. Moreover, we also wanted to analyse how many hotels took this pandemic as an opportunity and converted their hotels into covid care or isolation centres and if their cost increased or decreased.

Problem Definition

In this paper our main aim is to understand the Hospitality industry and what challenges are they facing in these times. The key points are as follows -

- Determining the Impact of COVID-19 on hospitality sector and future roadmap.
- To understand the mindset of customers if they were afraid or strong to go and stay in hotels and their recommenations or expectations.
- To understand how hard the sector was hit by approaching to few hotels to know if their cost increased or decreased as some them have been convereted into covid care areas.

RESEARCH METHODOLOGY

Research Design

This study is a combination of exploratory and explanatory research design to study the impact of the pandemic on the hospitality industry as it has helped us to understand more about the problem efficiently by analyzing it in-depth.

Sample Selection

Non-probability sampling method was adopted, under which we chose the convenience and snowball technique to collect the data. The forms were filled by our friends and relatives and were also filled by the acquaintance of our friends and family especially to collect responses for the employers or employees of the hotels.

Sample of 108 responses was collected in all. Out of which 86 responses were from the customers and the rest 22 responses were from the hotel owners.

The sample was not restricted to any age, gender or city.

Data Collection

Primary data was collected through online questionnaires from both the customers and the employers of the hotel owners to understand the impact of the pandemic on the industry from both the sides.

Secondary data was collected to get a brief introduction about the sector and was also used to get an idea about how to design a questionnaire for the hospitality sector.

Analysis

(i) Customers –

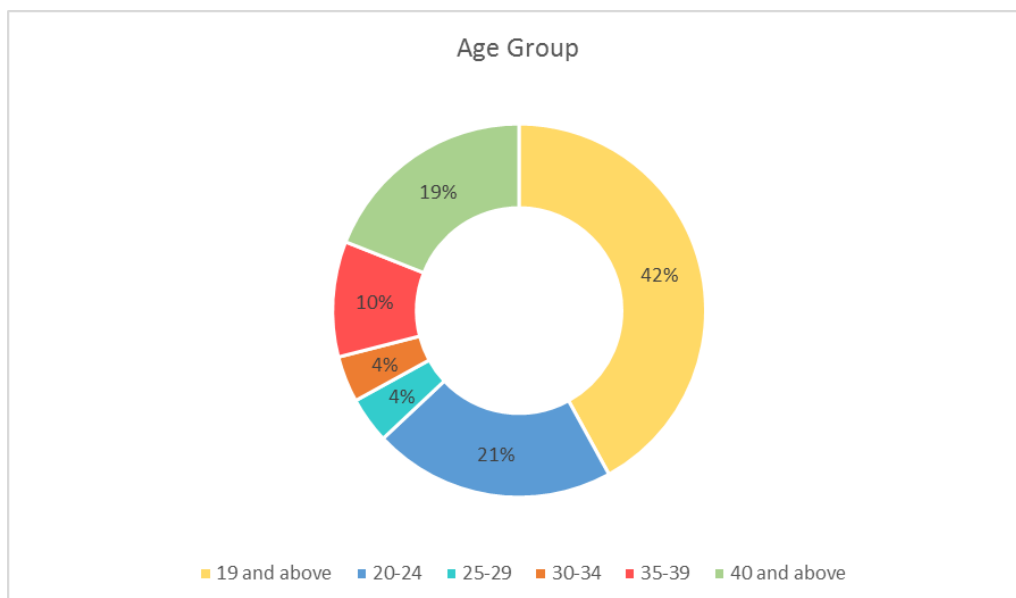


Figure 1: What is your age?

The survey was conducted on 86 customers from various age groups. 20 people were either 19 years of age or under it. 48 of the respondents belonged to the age 20-24. There were 2 customers each in the 25-29 and 30-34 age group.

5 customers were in the age of 35-39 and 9 were 40 years of age or older. This classification is done to see whether the age influences the decisions of the customers in a pandemic.

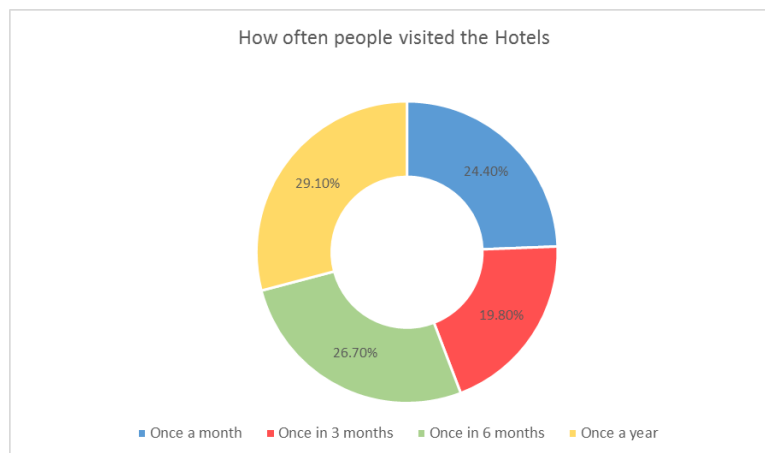


Figure 2: How often do you visit the hotels?

As per our survey conducted to analyse how often people visited the hotel, 24.4% (21) people visited once a month, 19.8% (17) people visited once in 3 months, 26.7% (23) people visited once in 6 months, and 29.1% (25) people visited once a year. So, this analysis helped us to focus more on the people who visited often to get a more accurate analysis of the impact of Covid on this sector.

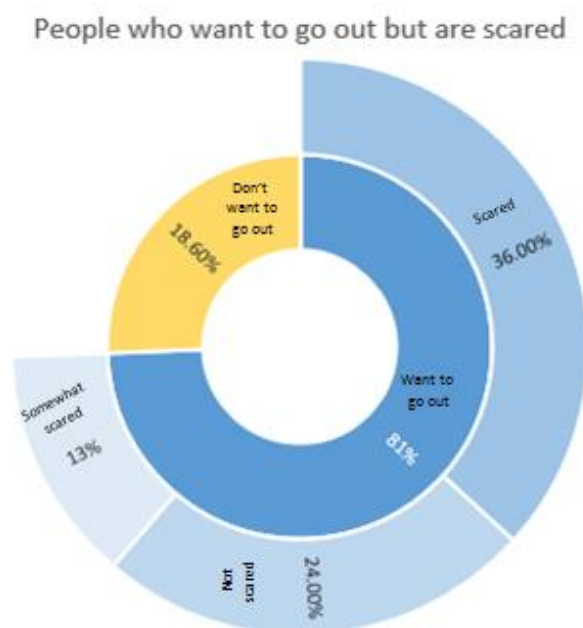


Figure 3: Are you bored and want to go out? If yes how willing are you (scared or not scared)

Firstly, we analysed the percentage of people who wanted to go out and the ones who did not want to go out, few of them were scared to go and few were bold enough and not scared to go out and stay in a hotel. Whereas we had certain people who were of the mixed opinion who were not really sure if they would go and stay in a hotel in such times. 81% of the people wanted to go out because of the frustration of being home for such a long period. Amongst those, 36% people were really scared to go and stay in a hotel, 24% people were bold enough and were ready to go out and stay in a hotel

even in such times, whereas lastly 13% people were somewhat scared and were unsure about their decision.

The question asked in our survey for willingness to go was on a scale of 1-7, where 1 represented willingness and 7 represented unwillingness) So to analyse that further, we classified 1 to 3 in the range of willingness, 4 as mixed and 5 to 7 as unwillingness.

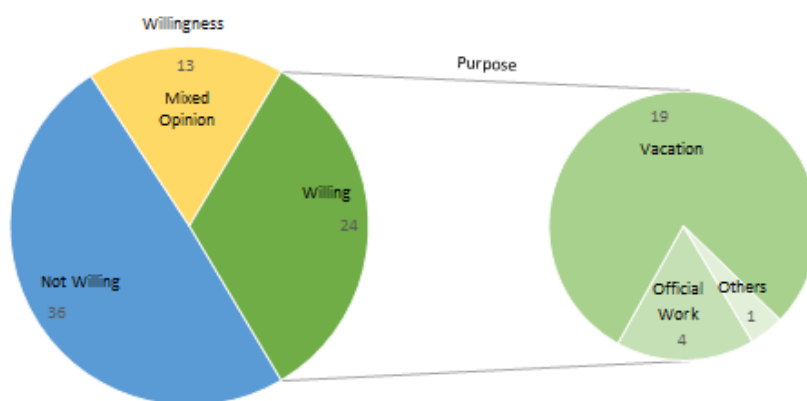


Figure 4: For what purpose are you ready to go to the hotel?

Out of the people who were bored and wanted to go out, analysis of their willingness was done. We had 36 people who were scared to go out and stay in a hotel, 24 people who were bold enough or rather not scared to go out and stay in a hotel and 13 people were of mixed opinion who were somewhat scared. Out of the people who were willing to go, 19 people were ready to go for a vacation in a hotel, 4 people were ready to go only for official/business work purpose.

Hospitality industry has been the 2nd most affected sector after the airline industry because of this pandemic. Our analysis shows that a lot of people are not willing to go out and stay in a hotel due to safety reasons which shows how adversely the sector is affected. It has also been observed that once the situation improves, people would be eagerly

People who stayed in hotels very often (i.e. once a month + once in 3 months)

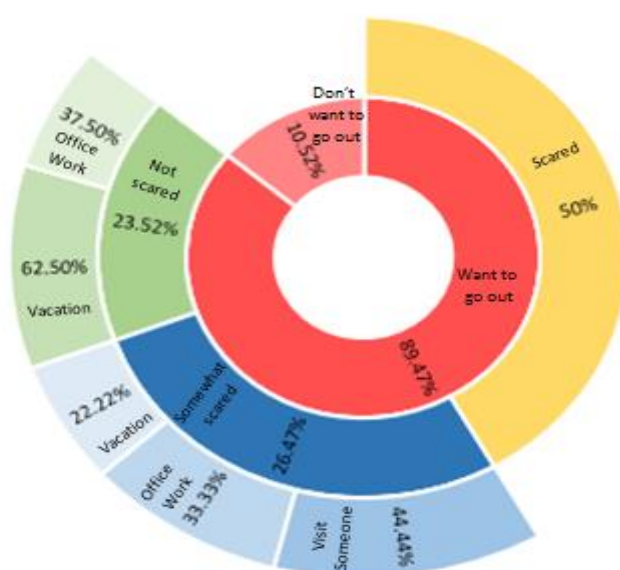


Figure 5: Analysis of people who visited hotels often.

To get a more precise impact, we studied the responses of the people who visited hotels often i.e. once a month and once in three months. Amid those, 89.47% people wanted to go out and stay in a hotel.

Amongst those 50% of the people were scared to go in this situation, 23.52% people were bold enough and were ready to go out and stay in a hotel for either a vacation or for office work. Then we had 26.47% people who were somewhat scared and were not sure if they would go out and stay in a hotel in these current times, and if they were to visit the hotel it would either be for office work, visiting someone or for a vacation.

So, in short, we can say that amongst the frequent travellers also, 50% of the people are still scared to go out and stay in a hotel because of the pandemic, which is a huge percentage because the industry is largely dependent on these frequent travellers. Upon reviewing our responses, and talking to few people we have gathered that there were a lot of business travellers who were unable to travel amongst the people who used to travel frequently. So, this shows how hard the industry has been hit from all directions be it vacation or work.

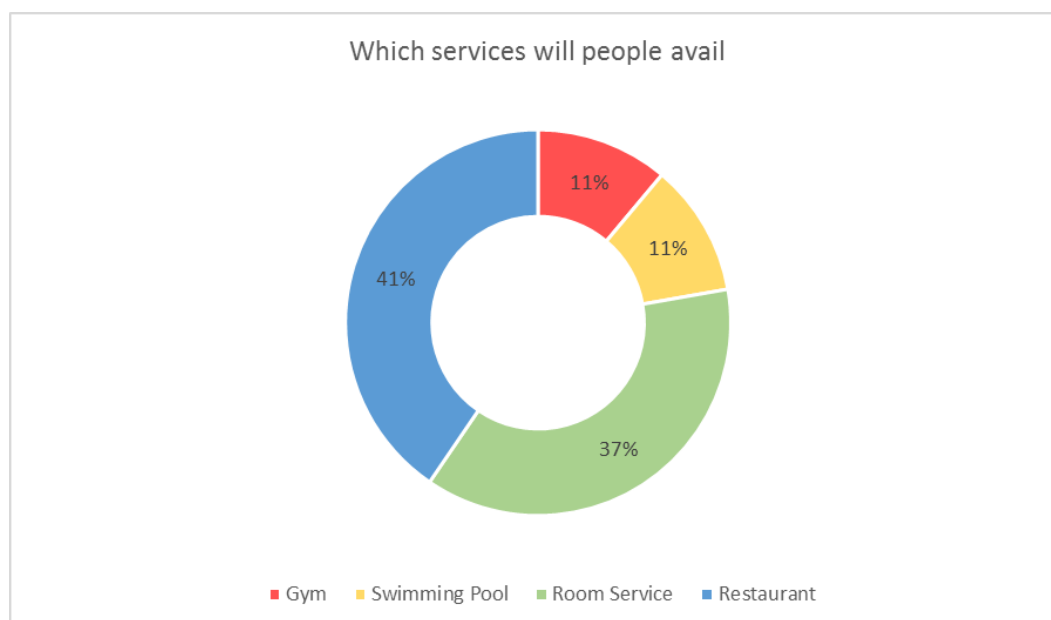


Figure 6: Which services are you willing to use in the hotel?

It can be seen that majority of people who want to go to a hotel in this time, would want to avail the restaurant service. More than half the respondents would be comfortable using the room service option. A few of the customers will even be interested to use the gym and the swimming pool. Customers are bored at home and want to go out, but each has his own ideas about which service is safe to use right now. It can be seen that room service and restaurant are most desirable as it is assumed that the social distancing and safety norms can be easily followed in these services. Swimming pools can be a source to easily transfer the disease.

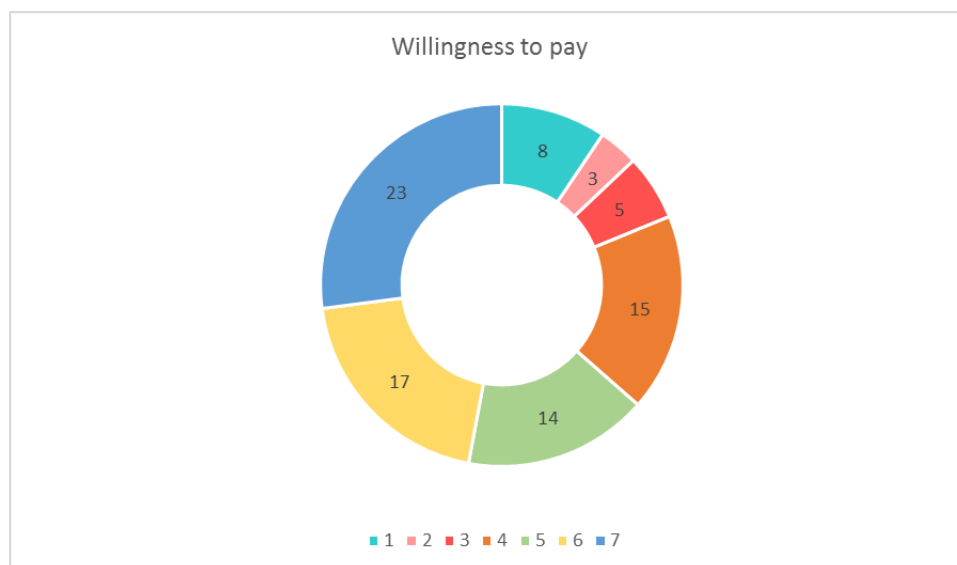


Figure 7: Are you willing to pay more for safety measures?

It can be seen that majority of the respondents are willing to pay higher than the usual prices in the Covid times. Customers want to prioritise their safety. The respondents were willing to go to the hotels for a getaway but were prioritizing their safety. They believed by paying extra, less visitors will be coming to the hotel and the hotel staff will be in a better condition to follow the safety norms. Only 19% of the respondents were not interested to pay higher.

A scale of 1 to 7 was given to submit the responses, where 1 represented unwillingness and 7 represented willingness.

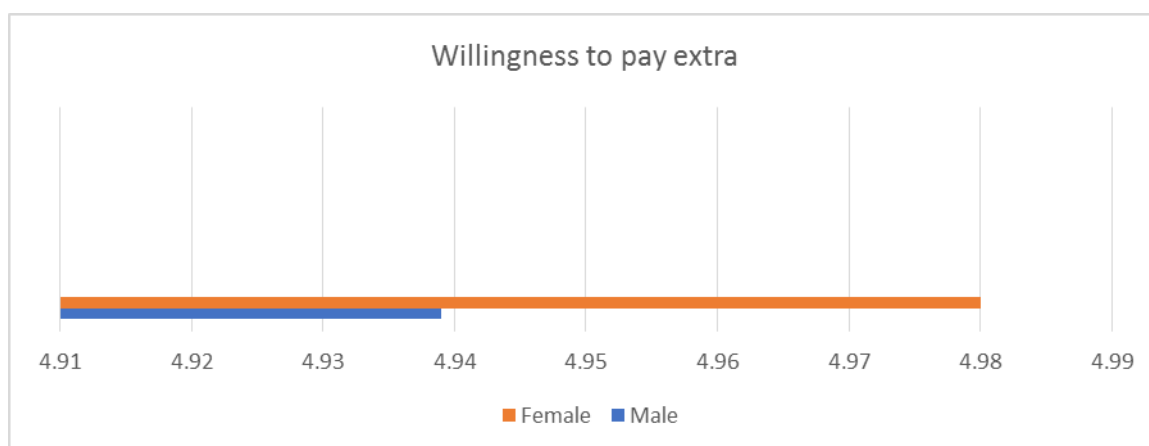


Figure 8:Willingness to pay extra for Safety Measures with respect to Gender.

It can be seen that women slightly have a higher willingness to pay extra in a hotel for better safety in comparison to men.

SUGGESTIONS TO THE HOTEL

The respondents expressed what the hotels should implement in these crucial times. The main suggestions were as follows:

- Maintaining social distancing.
- Regular and complete sanitization.

- Social distancing among employees and customers.
- Everyone should wear protective gear.
- Covid test for employees and customers.
- Discounts and deals.

(ii) **Employer/Employee**

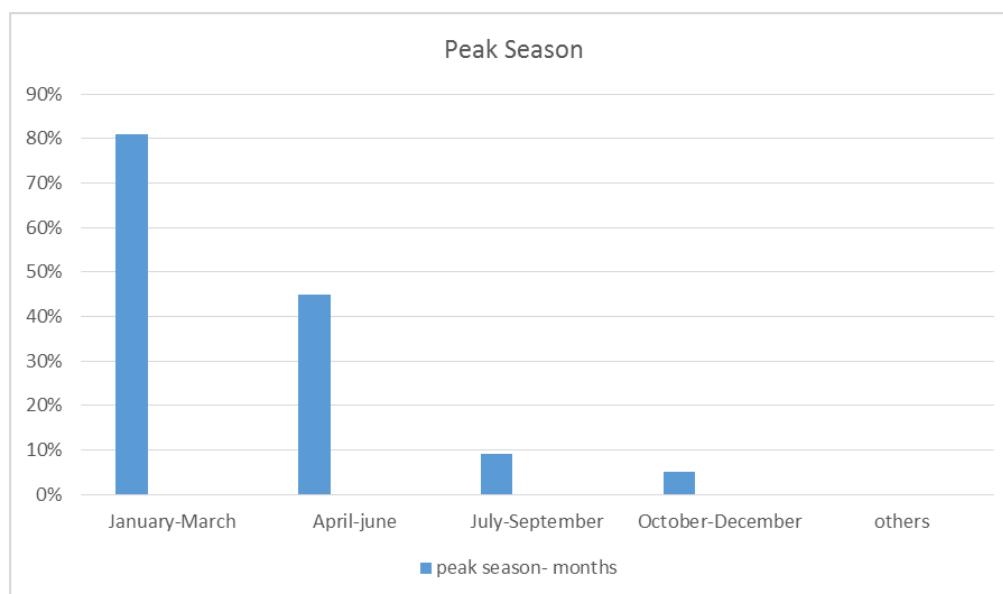


Figure 9: What is the peak season experienced by you?

As per the sample collected by us most of the hotels stated their peak season to be October-December followed by April-June. Only a few hotels mentioned their peak season to be January-march succeeded by July-September. This indicates two things. First these hotels experience their peak season during winter and summer holidays. Now due to the pandemic most of the schools, colleges and offices have shifted to online platforms so they do not have vacation break as such. Many schools had started operating before their usually time line due to shift in the platform, thus the vacation periods have also been preponed. Not only this but also the restrictions on travel would also significantly affect the festivals that fall in these vacations due to which it wouldn't be wrong to expect lower footfall during these seasons. India being a country of festivals marked huge travel and often over booking of hotels during these months.

Next, the pandemic had hit India in March when our Prime Minister had officially initiated a lockdown India wide. Post that during the second most important peak season April-June a lot the hotels were not permitted to operate and even those which were operating were transformed into covid center. Thus, they had no revenue during this time period. Although now the lockdown has been lifted and Hotels are operating, it would be interesting to note their revenue and bookings this year. Specially during the peak season of October-November.

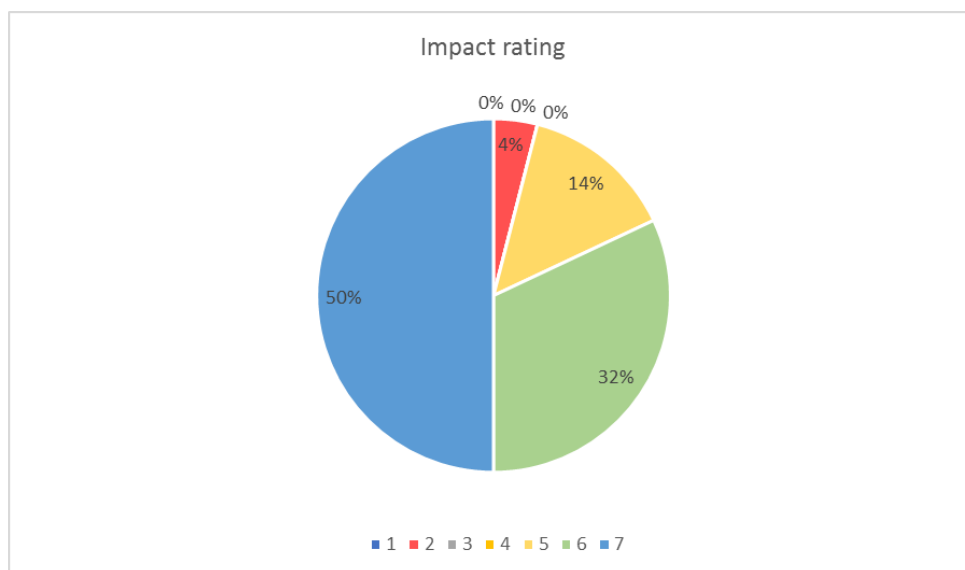


Figure 10:Has your business been Impactedby the Coronavirus?

The data collected on the basis of the impact of pandemic on the hotels ranging from 1(least affected) to 7(most affected) states that most of the hotels have been highly affected as the have given the rating of 7(50%) followed by 6(32%) and 5(14%). Only a handful of hotels have been barely affected by the pandemic 2 (4%).

Through this data it is crystal clear that the pandemic has drastically affected the hotel industry and has resulted in their downfall. Their revenues have fallen and their footfall has decreased. Since most of the hotels were shut for at least 5-6 months under lockdown and many cities even opened them post that, the impact on the industry has been high. Not only this but also their opening has been restricted and many of their amenities such as restaurants and swimming pools are still shut in some of the cities.

Followed by all the restricts these hotels are also supposed to follow safety norms and increase sanitation in their premises which is a big step and will also increase the cost of operation for these hotels.

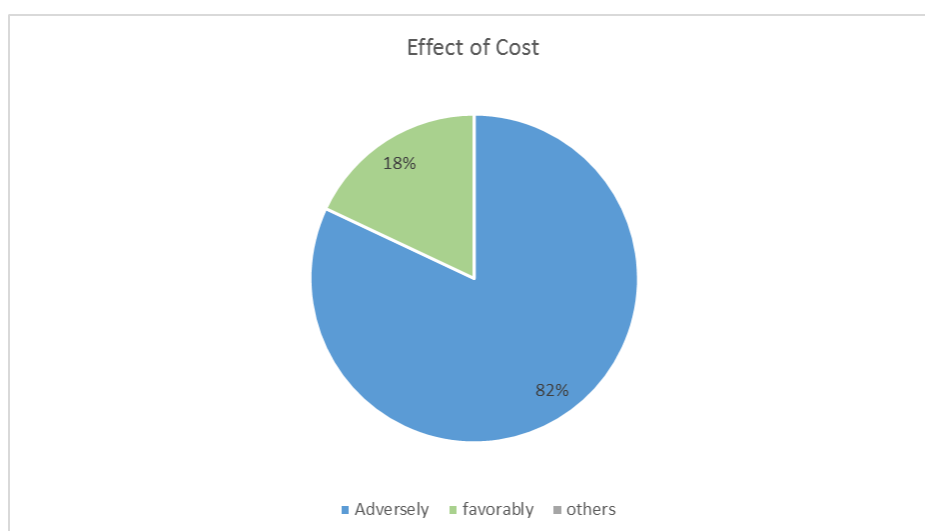


Figure 11:How has your cost been affected to CovidSituation?

While about 82% of the individuals stated an adverse affect on cost only 18% stated their cost has been affected favorably. The adverse affect on cost could be seen due to restricted opening, extra safety norms and sanitization, fixed overhead expenses payable even during lockdown period and investment made in shifting towards a contactless or low contact avenue.

While a slight reduction in cost could be due several hotels who received waiver in terms of incentive cost and deferment of brand loyalty payment and restricted variable costs such as electricity, commission, raw materials to name a few.

Although the overall impact for most of the hotels has been adverse since the relative cost has been higher compared to pre-pandemic period, some of the hotels have seen a cost reduction.

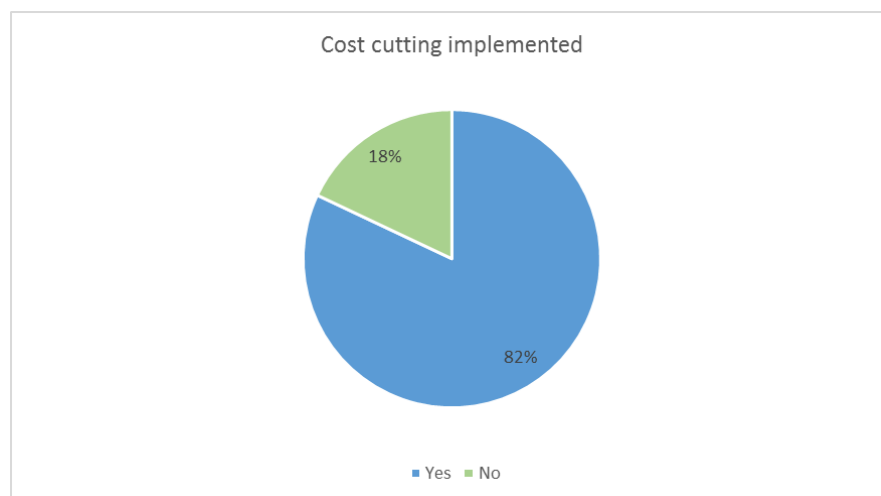


Figure 12: Have you done anything to cut down cost?

From the data collected it can be seen that most of the hotels (82%) have resorted to cutting down cost in order to minimize loss or increase profit while only 18% hotels have not made any changes in their costing system.

The hotels which resorted to cost cutting did so by measures such as purchases made in bulk, reduction in electricity consumption, laying of staff on contractual basis and laying of non-permanent employees, partial operations of the hotel, and reduction of provision of non-essential services.

As stated earlier since the impact of pandemic on cost for most hotels has been adverse, cost cutting provides a cushion against further losses and helps in compensating the losses already faced by these hotels. It is more of a necessity which would prevent these hotels from shutting down and reviving back.

The employers were asked if they had taken measures to reduce the costs and those who said yes mostly answered:

- They had laid off the contractual labourers
- Shut non essential services such as swimming pool, gym, etc.
- Reduced staff or overall manpower
- Has partially started the hotels as in operating with minimal capacity.

- Try reducing expenses by shutting the lights and other electrical appliances.

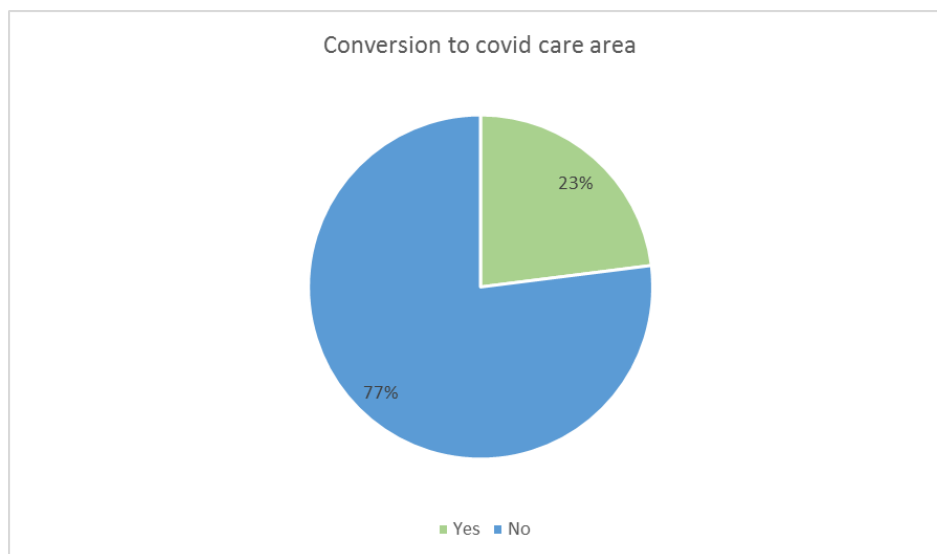


Figure 13: Was your hotel converted into a Covid care area?

Almost 77% of the hotels were not converted to a covid care area while only 23% of them were. Due to shortage of space, government had insisted several hotels and banquet halls to transform into Covid care area to accommodate more beds and provide health care facilities to the infected patients. These hotels were allowed to provide extended services. To accommodate government's demand the hotel staff also had to go through medical training to provide assistance to these patients.

These hotels were linked with the nearest coronavirus facility. While these hotels did assist patients during the period of lockdown and restricted opening, this did impact their costs further though nominal charges were provided to them and their excise duty had been waived. Though this also raises the fear among people to visit these hotels and their load on providing safety has agitated further.



Figure 14: Are you having any Employee Training Program to train them with the new Safety Measures?

In the questionnaire we asked the employers/employees about the training programme related to new covid-19 measures. And whether these training were given to them or to their employees. And as expected we received the desired result which was that 100% of the hotels did conduct some training programme and made their employees ready for future events.

What measures/steps are you taking for the safety of your customers?

For this particular question we provided them with few options to make the answers consistent but also provided them an option to write their desired answer.

The options provided by us were as follows:

- Sanitizing tunnels
- Regular checkup of employees
- Maintaining social distancing
- Shutting down few amenities (Gym, Swimming Pool, Buffet)

And to simplify the analysis we have categorised the options into –

- Following all 4
- Following any 3
- Following any 2

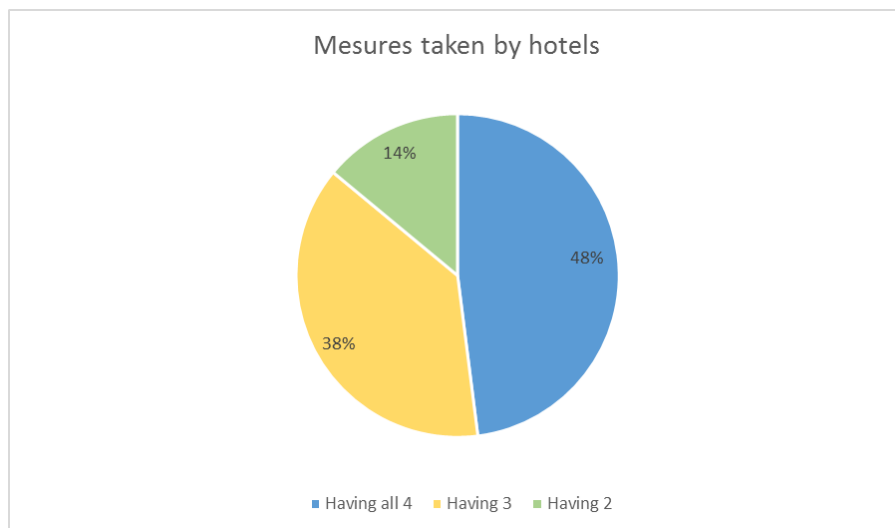


Figure 15: Measures taken by Hotels

Here we see that maximum percentage (48%) of the employer had tried following all the measures to ensure the safety of employees and follow the essence of the hospitality industry to serve the customer and establish customer satisfaction. The second highest percentage (38%) of the employers follow at least 3 measures, depending upon their magnitude and funds try to maximise the safety of their customers. Overall, around 85% of the employers were following 75% of the measures they could to maintain a safe environment and ensure their safety. From this sample we can state that

hotels are ready to take the inflow of customers and are ready for future circumstances.

Was it converted to Covid Care and reason?

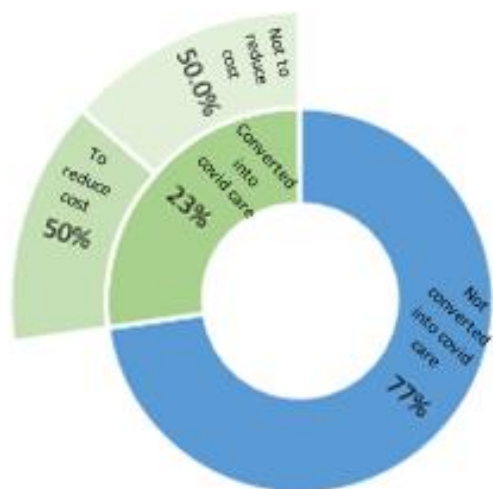


Figure 16: Was your hotel converted into Covid care to reduce your costs?

Another question that was asked to the employers was about, their hotels being converted to Covid care centres. Majority of them were not converted and only around 23% were converted. This shows us that the hotels are still a safe place to stay for the customers and are far from being touched from the coronavirus infected patients. Another conclusion that can be drawn is, that 50% of the hotels that were converted into covid care did this in order to reduce there costs, from being shut for a long period of time after lockdown

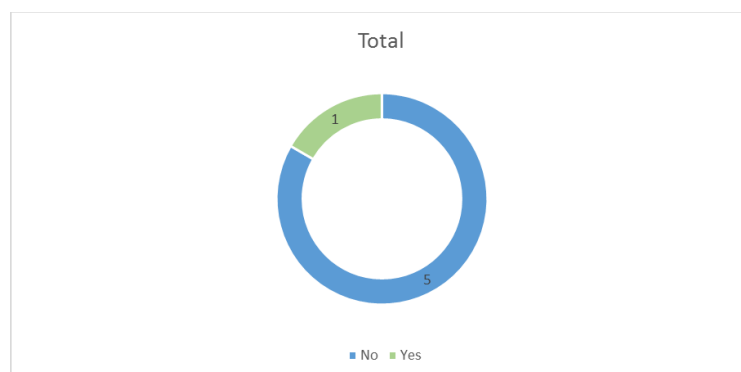


Figure 17: Did you get any concession from the government?

Out of the responses that answered yes for being converted into covid care only 1 of them was given some concession by the government. This shows the irresponsibility of the government towards the grim situation. But, another outlook can be seen as they have too much pressure to deal with in the hospitals and supplying the required medical assistance to the severely affected crowd.

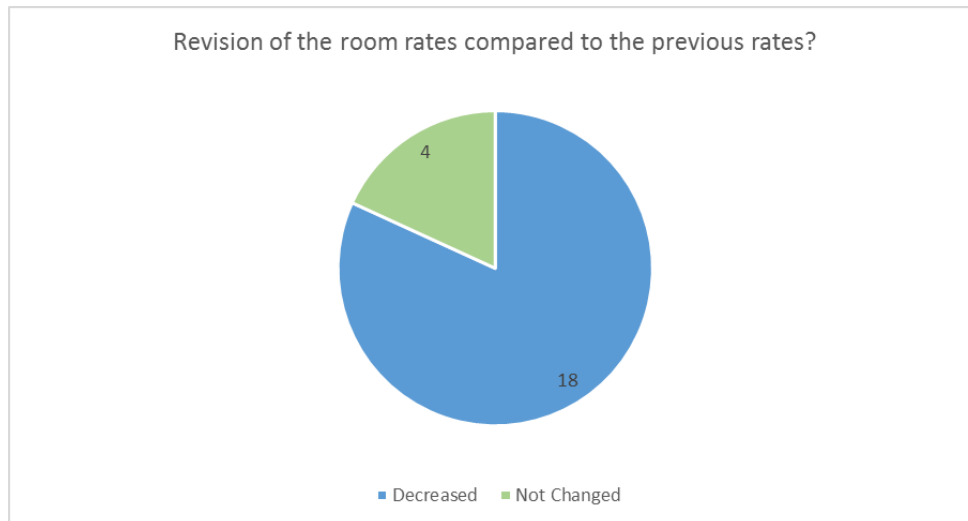


Figure 18: How you revised your room rates compared to your previous rates?

We can clearly see domination of number of hotels who have reduced the Prices as 18 out of 22 hotels have reduced their prices as compared to Pre Covid times. This might have been because the high prices may even lead to serious damages to sales in terms of customers.

What about your prior commitments to clients such as bookings for corporate meetings, banquet halls, etc?

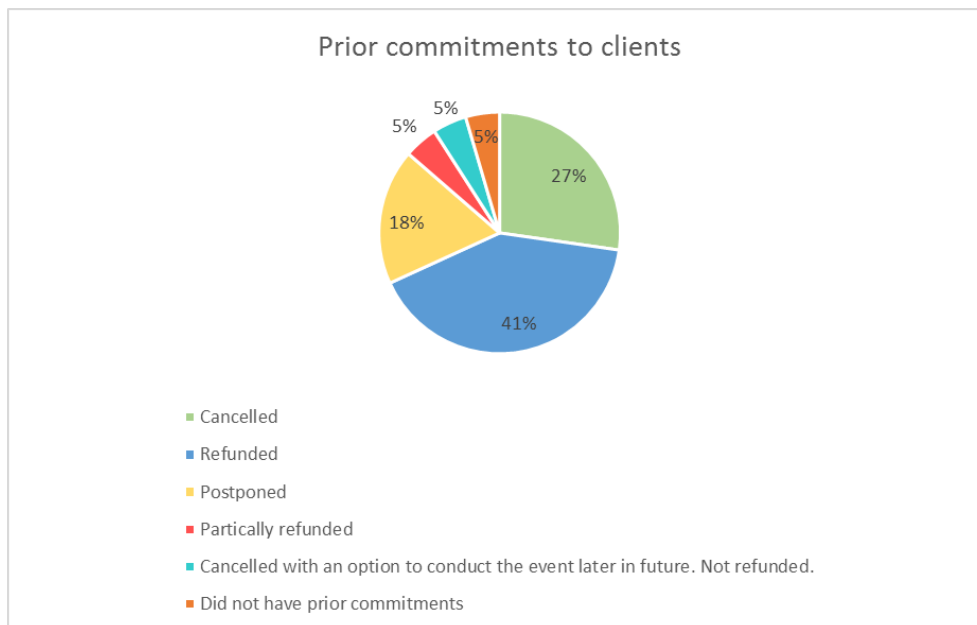


Figure 19: Prior Commitments to Clients

41% of the Hotels/ Chains decided to refund the money taken because of prior commitments, in these challenging times they did not want to hamper their image in the minds of the customers spoiling their business in long term. While 27% of the hotels kept the advance i.e. keeping the advance with them and forfeiting the event. 18% A fairly less number of hotels had people who postponed their events, this might be because hotels refused to hand over their advances.

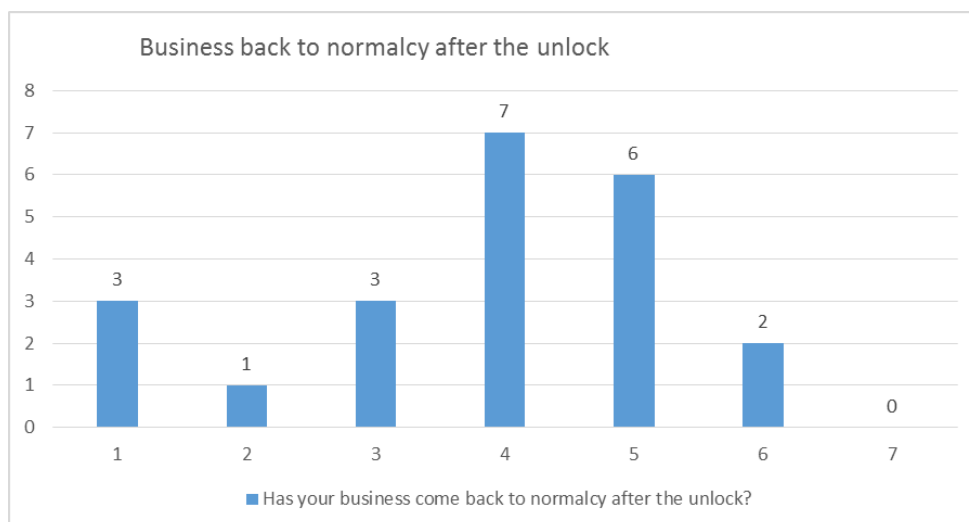


Figure 20: Has your business come back to normalcy after the unlock?

This question was to be answered on the scale of 1-7. From the responses we got we could say that the business is back on the track substantially but not fully. The graph above suggests that 13/22 (59%) people think that the business is on a path of recovery while some think it is a long way ahead.

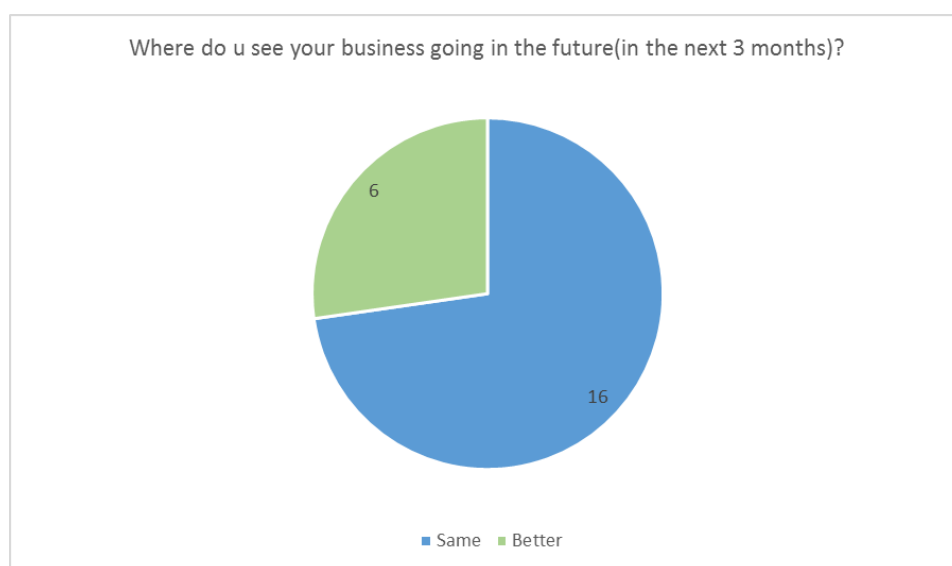


Figure 21: Where do you see your business going in the future (in the next 3 months)?

As people above suggested that the business is on its way to normalcy, but they think this is not getting better any time sooner, they think the business will take time to get back on track. They don't expect people to start planning vacations any time soon. While 6 people out of 22 are still having an optimistic outlook towards this and hope that business will get better soon.

RESULTS & DISCUSSIONS

The research conducted is primarily divided into the customers and the employees. The research was conducted on 86 customers. The respondents were from various age groups, starting from 15 years to almost 60 years. There was almost a

1:1 sex ratio among the customers. The respondents usually visited a hotel once or twice a year. During this ongoing pandemic, these people could not stay at a hotel. We found that majority of these customers were interested to go to a hotel inspite of the potential complications. Of all the people willing to stay in a hotel in the current scenario, 36 percent were scared and 13 percent were somewhat scared. 80 percent of the people willing to go, wanted it for a vacation and 16 percent had official work. There was a general perception among the respondents that restaurant and room service were safer options than the gym and the swimming pool. It was assumed that the chances of catching the virus in the former were lesser. 63 percent of these customers were willing to pay a higher price for the hotels and 13 percent were some what interested to pay higher in order to have a safer stay. The respondents also gave a few suggestions to the hotels which included regular and complete sanitization and social distancing norms.

The second set of respondents were the employees and the employers in the hotel industry. Majorly the peak season experienced by these hotels is January-March, followed by April-June. 82 percent of the respondents claimed that their business was severely impacted. The other 18 percent said that it was somewhat affected. Most of the hotels in the research, had a negative effect on their costs due to extra safety norms and sanitization and fixed overhead expenses still being paid. Among the hotels being studied, 23 percent were converted into a Covid care area. These hotels were used for patients with mild symptoms. The hotel staff was required to undergo medical training. All the hotels were providing employee training programmes. 50 percent of the respondents claimed that their hotels sanitized tunnels, performed a regular check up of employees, maintained social distancing and shut down a few amenities like swimming pool and gym. Out of the remaining, 38 percent followed three of these four measures to ensure the safety of the customers. Half of the hotels that were converted into a covid care area, took the stop in order to revive their costs. Only 33 percent of the hotels converted, received any compensation from the government. Majority of the hotels reduced their room rates, while the others did not change them to attract customers. 40 percent of the hotels made a full refund to their customer in regard of prior bookings. Another 18 percent postponed them and 27 percent cancelled them. 59 percent of the hotels have started their progress towards recovery, while the others think of it as a long road ahead. 80 percent of the respondents felt that their business will be the same in the coming three months. However, the others had an optimistic approach.

CONCLUSION, FUTURE SCOPE AND LIMITATIONS

Limitations of the research

- As our reach was limited the responses received from the employers and hotels were limited and the research was done on a small sample size.
 - Focus was only on the hotel sector and not on travel & tourism.
 - Recommendations for the hotels:
 - Reduce face to face contact as much as possible by making use of artificial intelligence and robots. (Although this is asking for a lot of investments, the future is here and everything is getting automated, the costs can be recovered within a span of 15 years.)
 - The hotels should operate at 50-70% of their capacity as the demand is comparatively low.
 - Work with limited manpower in order to maintain adequate social distancing and also have lower costs which will eventually lead to higher profits.

- Going fully digital in terms of formalities and filling forms at the time of check in and check out, etc.
- Offer additional discounts to attract online payments or for non-cash modes of payments.
- To ensure safety of employees and customers, arrangements should be made for the hotel staff to stay back in the hotel after work so that they don't travel and carry any sort of infection for anyone. (Can be made optional if hotels want)

CONCLUSIONS

Looking at the data we received it could be concluded that majority of the customers had the desire to go out in these times and also stay in hotels but are scared. Out of the people willing to go out 80% want it for a vacation. Few people were also willing to pay higher to get a safer service and make their trip secured. Looking at the employers their peak season was January to March. 80% employers have said that their business was severely affected and also had a adverse impact on their costs. Irrespective of increasing costs they had all the safety measures such as sanitization tunnel, daily sanitization of the lobby and hallway along with the luggages and maintaining social distancing intact and installed for creating customer satisfaction, The hotels had proper training for their employees to be ready for any emergency. Talking about the measures to reduce costs only 33% of the sample were converted into COVID care centres and out of them 50% did it to reduce costs. Other measures undertaken by them were to reduce the manpower and laid off contractual labourers, shutting other non-essential services like gym, swimming pool, etc. Hotels were also in an attempt to reduce their room rates to attract customers, 59% of the employers feel their business are coming back to normalcy however 80% feel that the business would remain same in the the period of three months to six months period.

As we discussed in the research gap we have tried to answer some of the crucial questions in relation to the subject. We tried to understand how scared the customers are to visit a hotel in these difficult times, we understood that people have an urge to leave their homes and want to stay and relax at hotels but at the same time they are scared of the consequences that may follow. The hotels are also trying best on their part to make the stay comfortable for its cutomers, which can be seen as most of the hotels are using all the safety measures possible to fight this pandemic. As answered by the hotels themselves that this has definitely caused a spike in the cost incurred for retaining their customers, and only this was the possible way to survive in these adverse environment. One interesting point that we saw in relation to the cost was that a hotel owner in indore did not start his hotel till now, he was of opinion that opening the hotel after lifting of the certain restrictions would eventually lead to loss instead of profit. When understanding about the point of taking it as an opportunity to convert into Covid hospitals the hotels were not seen doing that many denied to become covid hospitals.

Annexure

This survey is being done to capture the impact of the COVID-19 on the hospitality industry and to gauge the mindsets of the people.

Disclaimer

This survey is being conducted only for academic purpose and all the responses will be kept completely confidential and be seen only by the research team. No individual respondent or organization will be identified to any other person.

1. Age

2. Gender

Mark only one.

- Female
- Male
- Prefer not to say

3. How are you related to Hospitality industry?

Mark only one.

- Customers
- Employer/Employee

Customers

4. How often do you visit a hotel?

Mark only one.

- Once a month
- Once in 3 months
- Once in 6 months
- Once a year

5. Are you bored at home, and want to go out for some reason?

Mark only one.

- Yes
- No

6. If yes, how willing are you to stay in a hotel in this Covid 19 scenario?

Mark only one.

Willing 1 2 3 4 5 6 7 Unwilling

7. For what purpose are you likely to visit a hotel in the current scenario?

Mark only one.

- Official work
- Vacation
- Visit someone
- Other :

8. Which hotel services will you be willing to use even during the Covid times?

Check all that apply

- Swimming pool
- Room service
- Gym
- Restaurant
- Other:

9. Are you willing to pay more for high safety measures?

Mark only one.

Unwilling 1 2 3 4 5 6 7 Willing

10. What measures do you think the hotels should implement to make you comfortable in these challenging times?

(please write here)

Employer / Employee

11. Name of your hotel

(please write here)

12. What is the peak season experienced by you?

Check all that apply

- January – March
- April – June
- July – September
- October – December

13. Has your business been impacted by the Corona-virus?

Mark only one

Least affected 1 2 3 4 5 6 7 Highly affected

14. How has your costs been impacted due to the COVID situation?

Mark only one.

- Adversely
- Favourably
- Other:

15. Have you done anything to cut cost?

Mark only one.

- Yes
- No

16. If yes, please specify

(please write here)

17. Was your hotel converted into a covid care area?

Mark only one.

- Yes
- No

18. If yes, then did you get any concession from the government?

Mark only one.

- Yes
- No

19. If yes, was it to recover costs?

Mark only one.

- Yes
- No
- Other:

20. What measures/steps are you taking for the safety of your customers?

Check all that apply

- Sanitizing tunnels
- Regular check-up of employees
- Maintaining social distancing
- Shutting down few amenities (gym, swimming pool, buffet)
- Other:

21. Are you having any employee training program to train them with the new safety measures?

Mark only one.

- Yes

- No

22. What about your prior commitments to clients such as bookings for corporate meetings, banquet halls, etc.?

Mark only one.

- Cancelled
- Refunded
- Postponed
- Other:

23. Have you revised your room rates compared to your previous rates?

Mark only one.

- Increased
- Decreased
- Not changed

24. Has your business come back to normalcy after the unlock?

Mark only one.

Ab-normalcy 1 2 3 4 5 6 7 Normalcy

25. Where do you see your business going (in the next 3 months)?

Mark only one.

- Worse
- Same
- Better

